

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 18218 01 OF 02 211943Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03
SP-02 TRSE-00 LAB-04 EPG-02 SIL-01 AGRE-00 OMB-01
USIE-00 SS-15 NSC-05 NSCE-00 SSO-00 INRE-00
EURE-00 PA-01 PRS-01 /101 W
-----031454 212009Z /66

O 211936Z JUN 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 4488

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 18218

USOECD

PASS E FOR COOPER, CEA FOR SCHULTZE, TREASURY FOR
SOLOMON

E.O. 11652: N/A
TAGS: OECD, ECON
SUBJECT: PREPARATIONS FOR OECD MINISTERIAL: HEADS
OF DELEGATION DISCUSSION OF DRAFT COMMUNIQUE:
PROGRESS UNDER THE STRATEGY FOR SUSTAINED ECONOMIC
EXPANSION

REF: (A) STATE 143447; (B) PARIS 18031; (C) PARIS
18011, (D) DOCUMENT C(77)113, JUNE 20

1. SUMMARY: AT AUSTRALIAN INITIATIVE, JUNE 21
MEETING OF HEADS OF DELEGATIONS HELD PRELIMINARY
DISCUSSION ON SECTION OF DRAFT MINISTERIAL COMMUNIQUE
ENTITLED, "PROGRESS UNDER STRATEGY FOR SUSTAINED
ECONOMIC EXPANSION". THIS WAS INTENDED AS AIRING OF
VIEWS, RATHER THAN DRAFTING SESSION AND NO CHANGES
IN PRESENT DRAFT COMMUNIQUE TEXT (REF D) ARE BEING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 18218 01 OF 02 211943Z

MADE AS A RESULT. WHILE MANY DELEGATES DID NOT SPEAK,
MAJORITY OF THOSE WHO DID GENERALLY TOOK POSITION
SIMILAR TO U.S. VIEWS (REFTEL A) AND INCLUDED FOLLOWING
MAIN ELEMENTS: (A) DOUBT ABOUT DESIRABILITY OF
ANNOUNCEMENT BY MINISTERS OF NUMERICAL 5 PERCENT GROWTH
OBJECTIVE FOR OECD AREA GNP GROWTH IN 1978 (ALTHOUGH
THIS ACCEPTABLE TO AUSTRALIANS); (B) MONITORING

PROCESS SHOULD MAKE CLEAR THAT ULTIMATELY RESPONSIBILITY FOR SETTING GROWTH OR STABILIZATION OBJECTIVES REMAINS WITH INDIVIDUAL COUNTRIES; (C) OBJECTIVE OF FASTER GROWTH NOT APPLICABLE TO ALL COUNTRIES; (D) COMMUNIQUE SHOULD NOT PREJUDGE QUESTION OF WHETHER MONITORING PROCESS SHOULD CULMINATE IN MINISTERIAL MEETING AT END OF 1977; (E) COMMUNIQUE SHOULD PUT FORTH RECOMMENDATIONS OF MCCracken REPORT TO GOVERNMENTS FOR THEIR CONSIDERATION RATHER THAN INDICATE THAT GOVERNMENTS HAD ENDORSED THEM. AUSTRALIAN SUGGESTED CHANGES WHICH OVERALL WENT FURTHER THAN ABOVE IN TERMS OF GIVING PRIORITY TO REDUCING INFLATION. SECRETARIAT (MARRIS) ARGUED THAT COMMUNIQUE LANGUAGE CALLING FOR FASTER GROWTH IN 1978 THAN THAT EXPECTED IN 1977 (4 PERCENT) ALREADY ESTABLISHED "FLOOR" FOR GROWTH OBJECTIVES NEXT YEAR AND THAT USE OF 5 PERCENT FIGURE WOULD BE USEFUL IN SETTING A "CEILING" (SEE PARA 7 BELOW). NETHERLANDS AND BELGIUM FELT THAT COMMUNIQUE SHOULD EXPLICITLY CALL FOR IMPLEMENTATION OF FINANCIAL SUPPORT FUND. ITALIANS AND SPANISH URGED STRENGTHENING OF LANGUAGE TO HELP OVERCOME PROBLEMS OF SOUTHERN EUROPEAN COUNTRIES. SECRETARIAT ASKED THAT COUNTRIES SUBMIT IN WRITING THEIR SUGGESTIONS FOR CHANGES IN DRAFT COMMUNIQUE. SECRETARIAT INTENDS TO CIRCULATE THESE SUGGESTIONS PRIOR TO JUNE 23 EVENING COMMUNIQUE DRAFTING SESSION. END SUMMARY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 18218 01 OF 02 211943Z

2. (NOTE: AS INDICATED REF B, PARAGRAPH NUMBERING IN MACRO-ECONOMIC SECTION OF CONSOLIDATED COMMUNIQUE RUNS FROM PARA. 10 - PARA 17, RATHER THAN FROM PARAS. 11 - 18 IN EARLIER SEPARATE DRAFT. PARAGRAPH REFERENCES BELOW ARE BASED ON RENUMBERING IN CONSOLIDATED DRAFT COMMUNIQUE.)

3. PROGRESS UNDER STRATEGY FOR SUSTAINED ECONOMIC EXPANSION' AUSTRALIANS (WITH SUPPORT FROM NETHERLANDS AND SWISS) OFFERED "PRESENTATIONAL" CHANGES WHICH IN FACT SUGGESTED RADICAL ALTERATION OF THRUST OF COMMUNIQUE. THEY PROPOSED SEVERAL DRAFTING AMENDMENTS WHICH WOULD SHIFT EMPHASIS OF COMMUNIQUE AWAY FROM DESIRABILITY OF FASTER GROWTH AND TOWARD PARAMOUNT NEED TO REDUCE INFLATION. IN PARTICULAR, THEY CALLED FOR INCLUSION OF LANGUAGE FROM JUNE, 1976 MINISTERIAL COMMUNIQUE TO EFFECT THAT STEADY GROWTH REQUIRED TO ABSORB UNEMPLOYMENT WOULD NOT BE POSSIBLE UNLESS FURTHER, SIGNIFICANT PROGRESS WERE MADE TOWARD ERADICATION OF INFLATION. AUSTRALIANS ADDED THAT

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 18218 02 OF 02 211942Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03
SP-02 TRSE-00 LAB-04 EPG-02 SIL-01 AGRE-00 OMB-01
USIE-00 SS-15 NSC-05 NSCE-00 SSO-00 INRE-00
EURE-00 PA-01 PRS-01 /101 W
-----031455 212008Z /66

O 211936Z JUN 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 4489

LIMITED OFFICIAL USE SECTION 02 OF 02 PARIS 18218

USOECD

COMMUNIQUE SHOULD STRESS POINT THAT EXCESSIVE INCREASES
IN REAL WAGES HAD CONTRIBUTED IMPORTANTLY TO INFLATION
AND UNEMPLOYMENT. THEY ALSO FELT THAT PROPOSED MONITOR-
ING PROCESS (PARA. 13) SHOULD FOCUS ON SUBMISSION BY
COUNTRIES OF STABILIZATION OBJECTIVES (WITH MORE PERI-
PHERAL REFERENCE TO GROWTH). "HARD LINE" AUSTRALIAN
POSITION EMPHASIZING NEED TO REDUCE INFLATION DID NOT
RECEIVE GENERAL SUPPORT. AUSTRALIANS SUPPORTED ANNOUNCED
GROWTH TARGET COUCHED IN TERMS OF ITS CONSISTENCY WITH
OECD MEDIUM-TERM STRATEGY.

4. U.S. (SALZMAN) GAVE U.S. VIEWS ALONG LINES REF A.
SEVERAL DELS, INCLUDING SOME WHO SPOKE ON PERSONAL BASIS,
EXPRESSED SUPPORT FOR SOME OR ALL OF POSITIONS PUT FORTH
BY U.S.

5. NETHERLANDS AND BELGIANS SUGGESTED THAT COMMUNIQUE
EXPLICITLY UNDERSCORE DESIRABILITY OF IMPLEMENTING FINAN-
CIAL SUPPORT FUND. NO OTHER DELS ADDRESSED THIS QUES-
TION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 18218 02 OF 02 211942Z

6. SPANISH AND ITALIANS PROPOSED THAT PARA. 15 OF COMMUNIQUE GO FURTHER THAN BLAND (IN THEIR VIEW) STATEMENT THAT COMPETENT OECD BODIES PAY SPECIAL ATTENTION TO LONGER-RUN STRUCTURAL PROBLEMS OF SOME (I.E., SOUTHERN EUROPEAN) COUNTRIES. THEY ARGUED THAT MINISTERS SHOULD DIRECT THE ORGANIZATION TO CONSIDER MEASURES WHICH COULD BE EFFECTIVE IN OVERCOMING THESE PROBLEMS.

7. SOME DELS FELT THAT MCCRACKEN REPORT RECOMMENDATIONS SHOULD BE REMOVED FROM COMMUNIQUE THROUGH DELETION OF SECOND SENTENCE OF PARA. 17 AND THAT MINISTERS SHOULD ONLY REQUEST THAT REPORT BE "EXAMINED BY COMPETENT BODIES OF THE ORGANIZATION." MOST DELS DID NOT ARGUE THAT SPECIFIC RECOMMENDATIONS SHOULD BE DELETED, BUT FELT THAT THEY SHOULD BE TENDERED TO GOVERNMENTS FOR THEIR CONSIDERATION RATHER THAN SET OUT AS PROPOSALS ON WHICH GOVERNMENTS HAD AGREED.

8. AT CLOSE OF MEETING, SECRETARIAT (MARRIS) HELD FORTH ON ISSUES RAISED DURING DISCUSSION AND MADE FOLLOWING POINTS: (A) DRAFT COMMUNIQUE CALLS FOR OECD AREA GNP GROWTH FOR 1978 WHICH EXCEEDS THAT EXPECTED IN 1977. SINCE SECRETARIAT (AND COUNTRIES) FORECASTS 4 PERCENT GROWTH IN 1977, COMMUNIQUE LANGUAGE IMPLIES THAT AREA GROWTH RATE IN 1978 SHOULD BE IN 4.5 - 5 PERCENT RANGE. THUS, AN EFFECTIVE FLOOR IS ESTABLISHED FOR GROWTH OBJECTIVES SET FOR 1978. SOME GROUPS (E.G., TUAC) FEEL THAT GROWTH SHOULD BE HIGHER THAN 5 PERCENT. CONSEQUENTLY, IT WOULD BE USEFUL FOR MINISTERS TO ANNOUNCE GOAL OF 5 PERCENT TO MAKE IT CLEAR THAT THEY WERE NOT CONTEMPLATING GROWTH RATES ABOVE THIS LEVEL; (B) COMMUNIQUE SHOULD INDICATE THAT MINISTERS DID MORE THAN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 18218 02 OF 02 211942Z

SIMPLY TAKE NOTE OF THE MCCRACKEN REPORT'S POLICY RECOMMENDATIONS; (C) SINCE, AT PRESENT TIME, IT SEEMED UNLIKELY THAT FINANCIAL SUPPORT FUND WOULD BE AGREED, IT WOULD BE PREFERABLE TO RECOGNIZE THAT "DISCRETION IS THE BETTER PART OF VALOR" AND OMIT SPECIFIC REFERENCE TO SUPPORT FUND IN COMMUNIQUE.
SALZMAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMUNIQUE, COMMITTEE MEETINGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PARIS18218
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770221-0918
Format: TEL
From: PARIS USOECD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770635/aaaabesn.tel
Line Count: 218
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 16496479-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 143447, 77 PARIS 18031, 77 PARIS 19
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2082593
Secure: OPEN
Status: NATIVE
Subject: PREPARATIONS FOR OECD MINISTERIAL: HEADS OF DELEGATION DISCUSSION OF DRAFT COMMUNIQUE: PROGRESS UNDER THE STRATEGY FOR SUSTAINED ECONOMIC
TAGS: ECON, OECD
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/16496479-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009